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Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 SSO-00 /031 W
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AMCONSUL BUKAVU POUCH
AMCONSUL LUBUMBASHI
AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 0718

E.O. 11652: GDS
TAGS: ECEM, EINV, CG, US
SUBJECT: REORGANIZATION OF ZAIRE'S PHARMACEUTICALS SECTOR

REF: A) 77 KINSHASA 11666 NOTAL, B) KINSHASA 0515 NOTAL

1. LOCAL WARNER-LAMBERT (W-L) REPS GAVE EMBASSY FOLLOWING OUT-
LINE OF PROPOSED REORGANIZATION OF PUBLIC SECTOR PHARMACEUTICALS
DISTRIBUTION SECTOR:

A. THE DEPOT CENTRAL MEDICO-PHARMACEUTIQUE (DCMP),WHICH HAS HAD
A MONOPOLY ON PUBLIC SECTOR PHARMACEUTICALS DISTRIBUTION, WILL
MOVE UNDER THE DIRECT CONTROL OF THE OFFICE OF THE PRESIDENT AND
WILL NO LONGER BE DIRECTLY INVOLVED IN ACTUAL PHARMACEUTICALS
DISTRIBUTION.

B. EACH MAJOR REGION WILL HAVE A PRIVATE FIRM OR INDIVIDUAL
RESPONSIBLE FOR SUPPLYING THE AREA THROUGH APPROVED LOCAL DIS-
TRIBUTORS, BUT THEY WILL NOT BE INVOLVED IN FINANCING THE HARD
CURRENCY COST OF PHARMACEUTICALS PURCHASES.

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C. THE PRIVATE COMPANIES WILL ORDER THE NECESSARY PHARMACEUTICALS,
WHICH WILL BE BILLED TO DCMP. DCMP WILL BE RESPONSIBLE FOR
TRANSFERRING ZAIRES TO THE CENTRAL BANK TO COVER THE PURCHASES,
UP TO EACH COMPANY'S BUDGETED LIMIT, AND ASSURING THAT THE BANK
OF ZAIRE MAKES THE NECESSARY HARD CURRENCY PAYMENTS.

D. THE INDIVIDUAL DISTRIBUTORMS MAY EITHER IMPORT FINISHED

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PHARMACEUTICALS OR RAW MATERIALS FOR LOCAL FABRICATION AS THEY
WISH, AS LONG AS THEY MEET THE NEEDS OF THEIR REGION.

E. THE FIRMS WILL BE PAID 25 PER CENT OF THE VALUE OF THEIR
DISTRIBUTION BUDGET IN CONVERTIBLE CURRENCY AS A COMMISSION
WHICH WOULD BE USED FOR THEIR OWN IMPORT NEEDS FOR PRIVATE
SECTOR DISTRIBUTION.
CURRENTLY THE PROPOSED REGIONAL DIVISION IS AS FOLLOWS:
KINSHASA - DR. ILANGA, PRESIDENT MOBUTU'S PERSONAL PHYSICIAN
AND CURRENT HEAD OF THE MANAGEMENT COMMITTEE RUNNING MAMA YEMO
HOSPITAL AND DCMP
BAS ZAIRE - CIBA-GEIGY
KIVU - BAYER
KISANGANI - WARNER-LAMBERT
SHABA - SMALL FRENCH COMPANY, NAME UNKNOWN, WITH ALLEGEDLY SOME
PARTICIPATION BY PRESIDENT MOBUTU (ALLEGEDLY THIS IS A
REWARD FROM THE PRESIDENT TO A COMPANY THAT WAS HELPFUL
DURING THE SHABA WAR)
EQUATEUR - DR. DIOMI, ASSISTANT TO DR. ILANGA AT MAMA YEMO
KASAIS - OFFERED TO HOECHST, WHICH HAS NOT YET AGREED; REASON
FOR HESITATION UNKNOWN.
PRIVATE SECTOR PHARMACEUTICALS DISTRIBUTION WILL NOT BE AFFECTED
AND WILL REMAIN IN PRIVATE HANDS.

2. COMMENT: OBVIOUSLY THIS SCHEME IS STILL IN FORMATIVE STAGE
AND MANY DETAILS, ESPECIALLY FINANCIAL, REMAIN TO BE WORKED OUT.
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THE CURRENT OUTLINE STILL LEAVES MUCH ROOM FOR MISHANDLING OF
SUPPLIES AND FUNDS. ALTHOUGH THE OFFICE OF THE PRESIDENT HAS IN
THE PAST HAD CONSIDERABLE SUCCESS IN OBTAINING HARD CURRENCY TO
MEET ITS NEEDS ($30 MILLION IN THE FIRST THREE QUARTERS OF 1977),
IT ALSO HAS ONE OF THE WORST REPUTATIONS FOR MONEY MANAGEMENT
AND ABILITY TO STAY WITHIN A BUDGET, HAVING EXCEEDED THEIR
ORIGINAL ALLOCATION BY AT LEAST 100 PER CENT IN EACH OF THE LAST
TWO YEARS. THE PLAN IS NONETHELESS SUFFICIENTLY INTERESTING AND
POTENTIALLY PROFITABLE THAT NONE OF THE PHARMACEUTICAL COMPANIES
INVITED TO PARTICIPATE ARE EXPECTED TO REFUSE. W-L ALONE STANDS
TO GROSS APPROX $300,000 IN COMMISSIONS ON KISANGANI ANNUAL
DISTRIBUTIONS WORTH $1.2 MILLION. IT WOULD ALSO OFFER POSSI-
BILITIES FOR EXPANDED W-L LOCAL PRODUCTION.

3. W-L LOCAL REPS BELIEVE, AND EMBASSY AGREES, THAT PROGRESS
TOWARD SETTLEMENT/COMPENSATION REGARDING THEIR PIAF NATIONALI-
ZATION CLAIM WILL BE DIRECTLY RELATED TO THEIR RESPONSE TO THE
KISANGANI DISTRIBUTION OFFER.
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